

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 12, 2003

IN RE:

JOINT APPLICATION OF MATRIX TELECOM, INC.
AND INTERNATIONAL EXCHANGE COMMUNICATIONS,
INC. FOR APPROVAL OF THE TRANSFER OF CERTAIN
ASSETS AND RELATED TRANSACTIONS AND A WAIVER
OF APPLICABLE ANTI-SLAMMING REGULATIONS

DOCKET NO.
02-01268

ORDER APPROVING TRANSFER OF ASSETS
AND CUSTOMER NOTICE LETTER

This matter came before Directors Deborah Taylor Tate, Pat Miller, and Ron Jones of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at the regularly scheduled Authority Conference held on December 16, 2002 for consideration of the *Joint Application* filed by Matrix Telecom, Inc. ("Matrix") and International Exchange Communications, Inc. ("IECom"), which requests approval of a transfer of assets and of a customer notice letter pursuant to the provisions of Authority Rule 1220-4-2-.56(2)(d)(2).

Authority Rule 1220-4-2-.56(2)(d)(2)

Authority Rule 1220-4-2-.56(2)(d)(2) provides as follows:

(d) In the case of a transfer of a customer base between two or more telecommunications service providers, the Authority, upon petition by the acquiring telecommunications service provider, may deem that sufficient notice has been given and approval received from the affected customers when the following criteria are met:

...

2. A notification letter, pre-approved by the Authority, shall be mailed by U.S. First Class Postage by the telecommunications service provider being acquired to its customers describing the customer transfer and explaining that the customers' local or long distance service will be transferred to the acquiring

telecommunications service provider by a certain date unless the customer selects another telecommunications service provider. This customer notification shall be mailed to the customers no less than thirty (30) days prior to the actual customer transfer. The notification letter required by the FCC may be used for the notification purposes of this part. The Authority may waive the thirty (30) day notice requirement of this part for good cause shown.

The Joint Application

In the *Joint Application*, which was filed on November 27, 2002, Matrix and IECOM request that the Authority approve a transfer of certain assets from IECOM to Matrix and “a waiver of applicable anti-slamming regulations.”¹ These assets include IECOM’s entire retail customer base. Although the TRA’s anti-slamming rules do not contain a waiver provision per se, TRA Rule 1220-4-2-.56(2)(d)(2) provides that in the case of a transfer of customer base from one telecommunications service provider to another the TRA may deem that the provider whose customer base is being acquired has met the notification requirements of the TRA’s anti-slamming rules by sending a letter to its affected customers notifying them of the change in provider. This rule requires TRA approval of the letter and, by implication, of the transfer of customer base. A copy of the customer notice letter proposed by Matrix and IECOM is attached to the *Joint Application*.

According to the *Joint Application*, Matrix is a Texas corporation with its principal offices located in Oklahoma City, Oklahoma. Matrix provides intrastate interexchange telecommunications services in Tennessee. Matrix was granted authority to provide utility services in Tennessee by Order dated October 13, 1995 in Tennessee Public Service Commission Docket No. 95-03215. IECOM is a Delaware corporation with its principal offices located in Burlingame, California. IECOM provides intrastate interexchange telecommunications services in Tennessee pursuant to authority granted by Order dated September 14, 1999 in TRA Docket No. 99-00048.

¹ *Joint Application*, November 27, 2002, p. 1.

The *Joint Application* states that the transfer of customer base is in the best interest of the affected customers and will not in any way disrupt service or cause inconvenience or confusion to those customers. The billing arrangements currently in place for IECOM's customers will continue after the transfer to Matrix. In addition, the customers' rates, terms, and conditions of service will not change from those currently in place. The *Joint Application* states that these customers will continue to receive high quality, affordable telecommunications services.

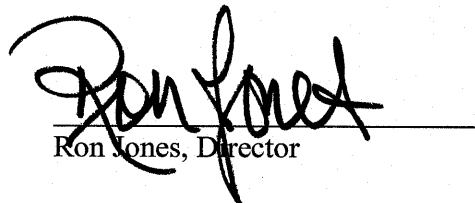
At the December 16, 2002 Authority Conference, the voting panel voted unanimously to approve the proposed transfer of assets and the proposed customer notice letter filed as an attachment to the *Joint Application*.

IT IS THEREFORE ORDERED THAT:

1. The transfer of assets, including customer base, from International Exchange Communications, Inc. to Matrix Telecom, Inc. is approved.
2. The customer notice letter proposed by Matrix Telecom, Inc. and International Exchange Communications, Inc., and attached to this Order as Exhibit A, is approved.


Deborah Taylor Tate, Director


Pat Miller, Director


Ron Jones, Director

NOTICE OF TRANSFER OF LONG DISTANCE TELEPHONE SERVICE

[Date]

Dear Customer:

International Exchange Communications, Inc. ("IECom") currently provides your long distance service. Due to circumstances related to IECom's bankruptcy, Matrix Telecom, Inc. ("Matrix") has agreed to acquire the IECom name and will shortly begin providing long distance service to IECom customers. This transfer will ensure that customers of IECom continue to enjoy uninterrupted long distance service. This transfer will not affect your long distance rates nor the terms and conditions of your service. In fact, your long distance bill will continue to list IECom as your long distance provider.

The bankruptcy court has ordered this transition to occur as soon as possible after [INSERT EFFECTIVE DATE OF BANKRUPTCY ORDER]. Unless you have begun using a long distance provider other than IECom prior to this date, Matrix will transition your current long distance service to Matrix. The change to Matrix will not impact your local carrier selection.

The low rates you currently pay for long distance as well as your terms and conditions of service will remain unchanged. If, in the future, there are any changes to your rates or the terms and conditions of your service, they will be indicated on Matrix's website at www.matrixtelecom.com.

You have the right to subscribe to long distance service from any service provider you wish. This decision is entirely up to you, and you may choose to switch to another carrier either before or after this change occurs. Matrix values your continued business and will gladly respond to any questions or complaints you may have about IECom's service. When your service is transitioned to Matrix, you will not be billed a carrier change fee, however, selecting a carrier other than Matrix may result in such a charge being imposed by that carrier.

If you have arranged a preferred carrier freeze through your local carrier on the service(s) involved in this transfer, the freeze will be removed in order to transition your service to Matrix. After the transfer, you must contact your local carrier if you want to re-establish a preferred carrier freeze.

If you have any questions regarding this notice, please contact Matrix at [INSERT APPLICABLE TOLL FREE CUSTOMER SERVICE NUMBER].

Sincerely,

EXHIBIT

A